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**HEADLINE:** City agrees to pay for repair of houses; Owners due \$ 32,000 each on homes built with HUD subsidies

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**BODY:**

Baltimore officials have agreed to pay \$ 384,000 for the repair of shoddy workmanship in a dozen Govans houses built three years ago with city subsidies.

Owners of the houses are expected to accept the offer of Housing Commissioner Daniel P. Henson III to give each of them a check for \$ 32,000 to hire a contractor to correct a long list of defects.

"They're tired," said Linda McWayne, who led the effort to have the problems repaired, of her fellow owners. "They're going to go for it" despite misgivings that the money won't be sufficient to cover repair costs.

"I still think they should tear them down and start over," said McWayne, a nurse at Health Care for the Homeless.

Among other things, city-hired inspectors have said improperly installed siding, driveways and sidewalks have to be replaced, and creaking floors have to be fixed. Some problems -- for example, improperly installed floor joists -- can't be fixed, owners were told.

The unusual agreement marks the second time in housing officials' memory that the agency has stepped in to correct problems in projects it has financed, said Zack Germroth, Henson's spokesman.

The houses were built in 1995 by Citation Builders Inc. on a 1.3-acre parcel in the Wilson Park neighborhood. Citation was hired by the Baltimore Housing Partnership, the developer of the project. Over months of trying, the owners were unable to get satisfaction from them.

Now, Henson told the owners last week, the developer is out of business and Citation is "broke." Efforts to reach both were unsuccessful yesterday. There is no longer a listing for the partnership and Citation's phone had been disconnected.

Citation President H. Gregory Brown said last fall that Wilson Park "is a decent project" with normal

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post-construction problems that "the owners have blown way out of proportion." As a result of their complaints, he said, "I've been asked to step aside."

Germroth said the city is "actively and aggressively pursuing collection litigation" but has not yet filed suit. The owners and state Sen. Joan Carter Conway, who went to bat for them, see it differently. They say Citation was not bonded or insured and didn't live up to its responsibility. Conway says she doesn't understand how Henson's department allowed the firm to build the houses without insurance or a bond to guarantee its performance.

The owners sought help from Henson because the city contributed \$ 360,000 in U.S. Department of Housing and Urban Development funds to the \$ 1.16 million project.

The \$ 30,000 subsidy for each house -- a frequently used device to promote homeownership -- made it possible for working-class first-time homebuyers to get an affordable house. In this case, each paid about \$ 65,000 for a house that cost \$ 95,000. The buyers were told that the extra \$ 30,000 does not have to be repaid if they stay for 10 years. They discovered after settlement that they had signed papers committing them to live in the houses for 20 years.

Housing officials say that was an error that will be corrected.

For months, said McWayne, the owners were skeptical that the city would help them at all.

At last week's meeting, Reginald Scriber, a top Henson aide, told the owners that the city had made a good-faith effort to help.

"Reggie, that's bull," McWayne shot back.

For months, the owners pressed the city to hire a contractor and pay for the repairs, whatever the cost. Finally, the city hired Botech Inc. As the company was about to begin work in April, HUD barred it from federally financed projects because it had hired a previously barred individual for such work.

About that time, Henson said, city lawyers advised him not to make the city a party to the contract. At that point, he told the owners that they would have to hire a contractor and the city would make the payments -- up to \$ 32,000 on each house.

The owners balked, fearing that they would be responsible for added payments if problems were uncovered once work began.

"This offer is on the table until the end of the month," Henson told them.

When a couple of owners proposed a variation -- that the city write each of them a check for \$ 32,000 upfront and that they be responsible for hiring and supervising a contractor -- Henson agreed on the condition that lawyers approved the deal. That approval came at the end of last week.

Once the owners release the city from further responsibility for the houses and the Board of Estimates approves the deal, the checks can go out.

Estimates for repairs of each house range from \$ 20,000 to \$ 31,000, said Germroth.

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